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Hertz Press Information

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First Drop Since '71 ...

1983 NEW CAR OWNERSHIP & OPERATING COSTS FALL 1.4 ¢ TO 43.28 ¢ A MILE

Average costs for individual motorists to own and run typical new compact-sized U.S. cars fell in 1983 --for only the second time in history--to 43.28 ¢ per mile, down 1.4 ¢ or 3.1% from 44.67 ¢ in 1982, according to The Hertz Corporation's annual auto expense estimates issued today.

The 1983 decline, which the lease-rental company attributes to lower interest rates and reduced gasoline prices, ends a decade of double-digit jumps that boosted auto operating outlays 174% between 1972 and 1982.

The only previous drop in the more than half-century Hertz has kept records was during the price-control era of 1971, when costs to run new intermediate-sized sedans -- then the most typical new cars -- declined from 19.0 ¢ a mile to 18.7 ¢.

By comparison, the nation's overall cost of living climbed 129% in the 1972-82 decade, the new report noted.

Sticker Prices, Other Items, Continue Climb

The drop in total costs came despite a 3.2% increase in purchase prices to $8,358 for a typically-equipped 1983 compact from $8,102 in 1982, according to the Hertz report. This rise boosted depreciation -- the difference between purchase price and trade-in value -- some 4/10ths of a cent per mile in typical driving.

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Insurance, licenses, fees, taxes, maintenance and repair expenses also advanced fractionally last year, adding another 3/10ths of a cent a mile. But interest costs fell by 2 cents, while gasoline and other service station charges were another 1/10th cent lower, the new Hertz estimates show.

Here is a comparison of the Hertz 1983, 1982 and 1978 estimates for typically-equipped, new compact-sized domestic sedans driven 10,000 miles a year for five years:

ITEM	1983	1982	'82-3 % CHANGE	1978	'78-83 % CHANGE
Purchase Price	$8358	$8102	+ 3.16%	$4707	+ 63.8%
Depreciation	13.71¢	13.29¢	+ 3.16%	8.19¢	+ 67.4%
Insurance, Licenses, Fees	9.98	9.80	+ 1.8	5.65	+ 76.6
Interest Paid & Lost	7.66	9.67	- 20.8	3.59	+113.3
Maintenance & Repair	3.55	3.42	+ 3.8	2.09	+ 69.9
Gas & Other Service Station Charges	8.38	8.49	- 1.3	5.33	+ 57.2
TOTAL	43.28¢	44.67¢	- 3.1%	24.85¢	+ 74.2%

Cost Drop Linked To Sales Rise

"The 1983 drop in ownership and operating expenses for most new models is welcome news to owners of the nation's 120 million passenger cars," Frank A. Olson, Hertz chairman and chief executive officer, commented. "After reducing their business and personal travel substantially in recent years, Americans seem to be back on the road again."

He added:

"Our figures indicate it is more than coincidence that automotive sales began to turn up last year, just as driving expenses began turning down. Continued pricing restraint by manufacturers should benefit American motorists -- and the auto industry itself."

The report by the RCA subsidiary says passenger car purchase prices are a key factor in overall driving outlays, bearing on depreciation, interest, insurance, licenses and taxes -- the "fixed" or standing annual expenses which comprise some three-quarters of total auto costs.

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The Hertz data show that over the past 10 years motorists have been driving less, keeping cars longer and purchasing smaller vehicles with fewer options, in an attempt to keep driving outlays in line with family incomes.

Since 1972, average yearly passenger car mileage has dropped 22% to 8,037 miles; compact cars, rather than intermediates, are now the most typical new models purchased; new cars are now kept an average of 5.1 years against 3.6; and, the average age of cars in use is 7.2 years today vs. 5.7 in 1972.

Car Size, Age, Mileage Change Expenses Significantly

Automotive expenses differ significantly by vehicle size and optional equipment, annual mileage, duration of ownership and where autos are driven, the lease-rental company noted. Cars purchased used and new units kept for longer periods cost substantially less, the firm's report shows.

Here are the new Hertz cost estimates for new models of different sizes driven 10,000 annual miles for five years in 1983, 1982 and 1978:

CAR SIZE	1983	1982	'82-3 % CHANGE	1978	'78-83 % RISE
Subcompact	34.63¢	34.18¢	+ 1.3%	22.52¢	+ 53.8%
COMPACT	43.28	44.67	- 3.1	24.85	+ 74.2
Mid-Size	45.46	49.02	- 7.3	28.73	+ 58.2
Intermediate	49.56	50.69	- 2.2	28.91	+ 71.4
Standard	55.42	52.31	+ 5.9	32.33	+ 71.4
AVERAGE	45.67¢	46.17¢	- 1.1%	27.47¢	+ 66.3%

Study figures also demonstrate that keeping cars longer can save:

-- New 1983 compacts driven 10,000 miles a year but traded annually cost 50.47¢ a mile, 7.2¢ more than those kept a more typical five years;

-- units retained 10 years averaged 33.29¢, 10.5¢ less than five-year ownership, and nearly 17.2¢ under costs for annual trading.

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The company's report stressed that variations in annual driving distances also have a material effect on the cents-per-mile costs because annual fixed dollar outlays are divided by more, or fewer, miles.

For the five-year driver, a new 1983 compact's costs ranged from 73.91¢ a mile at 5,000 miles a year to 28.35¢ at an annual 20,000 miles of driving -- 45.6¢ A MILE less.

However, on an annual dollar basis, 5,000 miles a year totals just $3696 while 20,000 miles a year comes to $5670 -- $1974 more. The average driving distance for U.S. passenger cars in their first five years of service was 9,507 miles in 1982.

Drivers Advised to Calculate Their Own Outlays

The company's annual estimates of passenger car ownership and operating costs for the nation's 20 key cities is due in February. In past years, city-to-city expense differences have been another 15-17 cents a mile for compact cars in otherwise similar service, prior Hertz studies reported.

The Hertz estimates include all major ownership and operating outlays except parking and tolls. The company says these charges can add 5-25 cents a mile to listed estimates, but can vary substantially even for similar cars in the same city, if driving patterns differ.

The lease-rental company's report is distributed to motorists free, as is a 16-page CAR COST CALCULATION GUIDE to help individual motorists figure their own expenses.

"Driving expenses can vary so dramatically under such a wide array of circumstances that each motorist should figure his or her own outlays, especially if a substantial part of the mileage is for business trips," a Hertz spokesman said.

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'Gas Guzzlers' Still Less Costly

Past statistics show that in 1925, typical per-mile costs were just 11.5¢. But this is equal to 64.86¢ in 1983 dollars, 21% above a typical intermediate in comparable use today, the firm's study notes.

The company's report also points out that ownership and operating costs of used cars -- which two out of three motorists buy -- are about 40% under expenses for cars bought new. Likewise, it notes that old "gas guzzlers" such as a 1973 intermediate-sized sedan would have cost owners only about 21 cents a mile at 10,000 miles a year, over a 10-year use period.

Besides its new-car cost estimates, Hertz issues annual studies on the number of used cars sold, used car purchase prices and their ownership and operating costs. The lease-rental company also compiles a yearly study of total motor vehicle spending plus annual estimates of the size of the car and truck lease-rental industry and total "fleet" vehicles.

The lease-rental firm and its affiliates around the world are believed to buy more motor vehicles than any other private organization. In the United States, the company has announced, it plans to purchase more than 153,000 new units in model-year 1984.

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NC83TAB1 HERTZ ESTIMATES OF 1983 MODEL NEW PASSENGER CAR OWNERSHIP & OPERATING COSTS 12/83 Hertz Corp.

Average Cents-Per-Mile (& Total Annual Dollar) Expense For Varying Years Of Service, Mileage & Car Type

Years Use	<-SUB-COMPACT-> Constant Miles Per Year 10000	At Constant <- 8037 M.P.Y.-> C.P.M.	$ P.Y.	At Declining Annual <--Miles AVERAGING 8037---> Over 10-Yr.Period M.P.Y.	C.P.M.	$ P.Y.	<-At Constant Annual Mileage 5000	10000	15000	20000	25000	INTER-MEDIATE At Constant Miles Per Year 10000	STAN-DARD 10000
1	0.3982	0.5911	4750.93	12225	0.4320	5281.55	0.8929	0.5047	0.3716	0.3119	0.2719	0.5783	0.6558
2	0.3874	0.5710	4613.02	11301	0.4455	5034.04	0.8586	0.4888	0.3656	0.3053	0.2700	0.5604	0.6329
3	0.3705	0.5492	4414.31	10594	0.4461	4726.38	0.8079	0.4658	0.3511	0.2973	0.2635	0.5338	0.6007
4	0.3567	0.5252	4221.37	9920	0.4473	4437.14	0.7723	0.4470	0.3417	0.2893	0.2588	0.5120	0.5742
5	0.3463	0.5070	4074.38	9507	0.4467	4246.31	0.7391	0.4328	0.3319	0.2835	---	0.4956	0.5542
6	0.3219	0.4638	3727.76	9228	0.4214	3888.98	0.6721	0.4005	0.3114	---	---	0.4586	0.5104
7	0.3041	0.4354	3499.26	9003	0.4039	3635.93	0.6226	0.3770	---	---	---	0.4316	0.4786
8	0.2910	0.4147	3332.67	8754	0.3919	3431.03	0.5879	0.3597	No Data Over 100,000			0.4117	0.4552
9	0.2796	0.3957	3179.85	8454	0.3822	3231.14	0.5553	0.3447	---	Miles	---	0.3945	0.4347
10	0.2708	0.3807	3059.64	8037	0.3807	3059.64	0.5316	0.3329	---	---	---	0.3810	0.4187

NOTE: Above Costs Are Averages For Varying Use/Mileage Periods; those below, right, are annual, for EACH year.

HISTORICAL COMPARISONS OF NEW 'INTERMEDIATE' SIZE CAR

At Estimated Varying Mileage Averages Each Year @Constant 3-Yr.Use

Year	3-Year Average Annual Mileage	3-Year Use Cost Cents-Per-Mile	10-Year Average Annual Mileage	10-Year Use Cost Cents-Per-Mile	10000 Miles A Yr. Avg. 3-Yr. Use**	10-Yr. Use	@10000 MPY - CONSTANT (1983) $
1925E	5835	0.1690	Not Available		0.1150	N/A	0.6486
1950	12771	0.0930	9032	0.0800	0.1090	0.0770	0.4476
1960	13497	0.1220	9545	0.0980	0.1440	0.0950	0.4807
1970	14267	0.1470	10090	0.1210	0.1900	0.1220	0.4837
1971	14567	0.1430	10280	0.1190	0.1870	0.1210	0.4565
1972	14652	0.1510	10362	0.1210	0.1970	0.1240	0.4655
1973	13570	0.1620	9597	0.1340	0.2020	0.1310	0.4494
1974	12300	0.2070	8732	0.1710	0.2380	0.1590	0.4771
1975	12561	0.2320	8901	0.1890	0.2720	0.1770	0.5327
1976	11885	0.2480	9015	0.2010	0.2810	0.1790	0.4886
1977	12127	0.2620	9199	0.2080	0.3010	0.2000	0.4911
1978	12082	0.2910	9165	0.2310	0.3310	0.2200	0.5018
1979	11666	0.3400	8850	0.2870	0.3800	0.2640	0.5180
1980	10841	0.4150	8224	0.3450	0.4400	0.3100	0.5511
1981	10652	0.4860	8081	0.4080	0.5090	0.3590	0.5806
1982	10594	0.5168	8037	0.4370	0.5400	0.3831	0.5569
1983E	10594	0.5114	8037	0.4345	0.5338	0.3810	0.5338

CURRENT 1983 DATA 'COMPACT' CAR EXPENSES

Yearly Costs & Mileages for Various Ownership Periods (Not AVERAGES for ALL Years As Listed Above.)

Use Yr.	At CONSTANT 8037 YEARLY Mileages C.P.M.	$ P.Y.	At Listed DECLINING YEARLY Mileages AVERAGING 8037 M.P.Y. M.P.Y.	C.P.M.	$ P.Y.
1	0.5911	4750.93	12225	0.4320	5281.55
2	0.5568	4613.02	10377	0.4613	4786.53
3	0.4998	4016.89	9180	0.4478	4111.06
4	0.4532	3642.55	7898	0.4519	3569.42
5	0.4338	3486.42	7855	0.4434	3482.99
6	0.2482	1994.66	7833	0.2684	2102.33
7	0.2648	2129.81	7653	0.2767	2117.63
8	0.2696	2168.38	7011	0.2848	1996.73
9	0.2435	1951.38	6054	0.2696	1632.02
10	0.2461	1981.92	4284	0.3539	1516.14
Avgs.	0.3807	3059.64	8037	0.3807	3059.64

E=Estimated

TABLE II

1/84 HERTZ CORP.

CENTS PER MILE BREAKOUT OF HERTZ OWNERSHIP & OPERATING COST ESTIMATES FOR SELECTED CARS @ 10,000 MILES PER YEAR
Average Expenses For Total Years Of Ownership

Model Year:	1983						1982					
Purchase Price	$ 8358			$ 9770			$ 8102			$9387		
Car Size	Compact			Intermediate			Compact			Intermediate		
Years Kept	3-Yrs.	5-Yrs.	10-Yrs.	3-Yrs.	5-Yrs.	10-Yrs.	3-Yrs.	5-Yrs.	10-Yrs.	3-Yrs.	5-Yrs.	10-Yrs.
Depreciation	0.1811	0.1371	0.0819	0.2117	0.1602	0.0957	0.1755	0.1329	0.0794	0.2034	0.1539	0.0920
Ins.,Lics.,Fees	0.0998	0.0998	0.0859	0.1062	0.1062	0.0915	0.0980	0.0980	0.0843	0.1036	0.1036	0.0892
Interest (P&L)	0.0704	0.0766	0.0383	0.0823	0.0895	0.0448	0.0869	0.0967	0.0483	0.1007	0.1120	0.0560
FIXED SB.-TOTL.	0.3512	0.3134	0.2061	0.4002	0.3560	0.2320	0.3604	0.3275	0.2121	0.4076	0.3695	0.2372
Maint. & Repair	0.0311	0.0355	0.0422	0.0395	0.0451	0.0536	0.0300	0.0342	0.0407	0.0349	0.0399	0.0473
Gas & Oth. Svc. Stn.Expenses	0.0835	0.0838	0.0846	0.0941	0.0945	0.0954	0.0846	0.0849	0.0857	0.0971	0.0976	0.0986
VARIABLE S/T	0.1146	0.1193	0.1268	0.1336	0.1396	0.1490	0.1146	0.1191	0.1264	0.1320	0.1374	0.1459
FIXED & VARIABLE TOTALS	0.4658	0.4328	0.3329	0.5338	0.4956	0.3810	0.4750	0.4467	0.3384	0.5395	0.5069	0.3831

Model Year:	1981		1980		1979		1978	1975	1974	1973	1972	
Purchase Price	7621	8326	6454	7129	5079	6161	5578	4676	3934	3493	$ 3425	
Car Size	Compact	Interm.	Compact	Interm.	Compact	Interm.	Interm.	Interm.	Interm.	Interm.	Intermediate	
Years Kept	5	3	5	3	5	3	3	3	3	3	3	10
Depreciation	0.1311	0.1943	0.1123	0.1711	0.0884	0.1561	0.1422	0.1262	0.1062	0.0943	0.0924	0.0326
Ins.,Lics.,Fees	0.0907	0.0941	0.0813	0.0848	0.0643	0.0790	0.0698	0.0388	0.0370	0.0350	0.0342	0.0245
Interest (P&L)	0.0969	0.0885	0.0647	0.0643	0.0418	0.0460	0.0413	0.0331	0.0246	0.0203	0.0198	0.0110
FIXED SB.-TOTL.	0.3187	0.3769	0.2583	0.3202	0.1945	0.2810	0.2533	0.1981	0.1678	0.1496	0.1464	0.0681
Maint. & Repair	0.0276	0.0300	0.0252	0.0268	0.0229	0.0248	0.0231	0.0191	0.0182	0.0177	0.0173	0.0234
Gas & Oth. Svc. Stn.Expenses	0.0879	0.1020	0.0807	0.0929	0.0681	0.0740	0.0548	0.0546	0.0520	0.0344	0.0337	0.0330
VARIABLE S/T	0.1155	0.1320	0.1059	0.1197	0.0910	0.0988	0.0779	0.0737	0.0702	0.0521	0.0510	0.0564
FIXED & VARIABLE TOTALS	0.4342	0.5089	0.3642	0.4399	0.2855	0.3798	0.3312	0.2718	0.2380	0.2017	0.1974	0.1244

Slight Variations Owing To Rounding

TABLE III

Hertz Corp. 12/83

YEARLY & 'LIFETIME' COSTS OF INTERMEDIATE-SIZE CAR BOUGHT NEW IN 1973, DRIVEN 10,000 MPY & SCRAPPED IN 1982
(Data from Hertz Car Ownership & Operating Costs Studies Over Past Decade, in Cents-Per-Mile)

Car Purchase Price: $ 3493

Car Age In Year (Use Period)	1	2	3	4	5	6	7	8	9	10	10-Year Average
Calendar Year	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	
Depreciation	0.1048	0.0755	0.0512	0.0330	0.0197	0.0130	0.0094	0.0064	0.0064	0.0036	0.0323
Insur., Licsns., Fees	0.0350	0.0370	0.0388	0.0491	0.0462	0.0504	0.0570	0.0613	0.0679	0.0748	0.0518
Interest Paid & Lost	0.0203	0.0225	0.0246	0.0228	0	0	0	0	0	0	0.0090
Sub-Total 'Fixed' or Standing Expenses	0.1601	0.1350	0.1146	0.1049	0.0659	0.0634	0.0664	0.0677	0.0743	0.0784	0.0931
Maintenance, Repairs	0.0154	0.0198	0.0219	0.0252	0.0302	0.0351	0.0402	0.0487	0.0528	0.0581	0.0347
Gasoline & Other Service Station Charges	0.0340	0.0552	0.0559	0.0598	0.0636	0.0679	0.0908	0.1146	0.1226	0.1177	0.0782
Sub-total Variable or Running Charges	0.0494	0.0750	0.0778	0.0850	0.0938	0.1030	0.1310	0.1633	0.1754	0.1758	0.1130
Total Fixed & Variable Expenses PER YEAR	0.2095	0.2100	0.1924	0.1899	0.1597	0.1664	0.1974	0.2310	0.2497	0.2542	0.2060
AVERAGE Annual Costs For Years Held	0.2095	0.2098	0.2040	0.2005	0.1923	0.1880	0.1893	0.1945	0.2006	0.2060	
ANNUAL Costs in '73 $	0.2095	0.1892	0.1589	0.1484	0.1171	0.1134	0.1210	0.1302	0.1280	0.1178	0.1434
AVERAGE Costs '73 $s	0.2095	0.1994	0.1859	0.1765	0.1646	0.1561	0.1511	0.1485	0.1462	0.1434	0.1681
YR.1 New Car Costs In Each Year**	0.2095	0.2550	0.2918	0.3024	0.3243	0.3494	0.4014	0.4659	0.5457	0.5801	
Cents Per Mile DIFFERENCE Keeping Old Car Vs. Trading For New One	----	0.0450	0.0994	0.1125	0.1646	0.1830	0.2040	0.2349	0.2960	0.3259	

NOTE: Figures in this and other Hertz car ownership
** studies reflect estimates for typical cars, typically-equipped and driven typical mileages by typical new-car-buying families.

NC83TAB4 Hertz Corp. 12/83

10-YEAR SUMMARY OF DOMESTIC AUTOMOBILE SIZE CHANGES

CAR SIZE Example Model:	'Subcompact Escort	'Compact' Fairmont	'Mid-Size' Mustang	'Intermediate' LTD-4	'Standard' Crown Victoria
'83 LIST Price $	6330	8504	8721	9732	11472
Wheelbase(")	94	106	100	106	114
Overall Length(")	164	196	179	197	211
Weight(lbs.)	2016	2824	2700	2981	3748
Change Vs.1982					
Weight	+1/4%, 5 lbs.	+1.7% ,46 lbs.	-8.2%, 241 lbs.	-6%, 188 lbs.	+4.1%, 146 lbs.
Price	+8.7% ,$508	+4%, $324	-4.1%, $377	+0.5%, +$49	+16.4%, $1615
Change Vs.1973					
Weight	-9%, -200	+2.4%, 67 lbs.	-16.4%, 529 lbs.	-21%, 797 lbs.	-12.7%,544 lbs.
Price	+115%, $3388	+176%, $5419	+136%, $5019	+149%, +$5825	+170%, $7225
'82 LIST Price	5,822	8,180	9,098	9,683	9,857
Wheelbase	94	106	106	108	114
Length	164	196	197	200	209
Weight	2011	2778	2941	3169	3602
'81 LIST Price	5417	7714	8195	8802	9023
Wheelbase	94	106	106	108	114
Length	164	196	197	200	209
Weight	1987	2724	2948	3167	3602
'80 LIST Price	6042	6464	7106	7708	8781
Length	171	196	200	200	209
Weight	2488	2688	3250	3262	3584
'79 LIST Price	5004	5370	6265	6738	7793
Length	169	194	198	216	209
Weight	2449	2682	3249	3910	3611
'78 LIST Price	4647	5061	5759	6031	6379
Length	169	194	194	216	224
Weight	2425	2748	3349	4056	4266
'77 LIST Price	4352	4542	5444	5634	6036
Length	169	187	194	216	224
Weight	2443	2999	3462	3981	4414
'76 LIST Price	4061	4321	5089	5263	5627
Length	166	187	194	214	224
Weight	2562	2980	3343	4137	4451
'75 LIST Price	3622	4230	4979	5089	5515
Length	166	187	194	218	224
Weight	2581	2891	3243	4258	4502
'74 LIST Price	3304	3518	3857	4257	4870
Length	166	187	194	215	222
Weight	2443	2852	2964	4038	4302
'73 LIST Price	2942	3085	3702	3907	4247
Wheelbase	94	103	109	118	121
Length	165	183	1[illegible]4	212	220
Weight	2216	2757	3229	3778	4292

NOTE: Size classification terms are arbitrary. Different model names previously used. Optional equipment ordered by majority of buyers.

DETAILS OF 1983 HERTZ COST ESTIMATE CALCULATIONS

1. Models Used: Sub-compact, Escort; Compact, Fairmont; Intermediate, LTD-4; Standard, Crown Victoria. Discounts assumed: Sub-compact, 6%; Compact, 7%; Intermediate, 5%; Standard, 4%. Sales Tax assumed: 5.375%. Purchase Prices resulting: Sub-compact, $6288; Compact, $8358; Intermediate, $9770; Standard, $11638.

2. Depreciation rates are estimated averages. Rates may vary widely from year to year or model to model, depending on a variety of factors including inflation, optional equipment and public perception of retained value, but over the years have been relatively consistent. Aggregate rates used are--1 year, 28%; 2 years, 50%; 3, 65%; 4, 75%; 5, 82%, 6, 86%; 7, 90%; 8, 94%; 9, 96%; 10 years, 98%. Abormally high or low mileage per year also will produce depreciation-rate variations of 1-3 cents per mile.

NOTE: No future inflation assumption is included; so-called "constant dollar figures are used. Therefore, inflation may alter longer-term ownership and operation expenses; however, inflation would also contribute to higher future new car purchase prices, so true depreciation is simply "postponed". Special Table III shows 1973-model 10-year expenses reflecting automotive inflation for a decade. In general, depreciation is lower with high inflation, but other charges are higher than the Hertz estimates.

3. Insurance based on $250,000/$500,000/$50,000 liability, $500 comprehensive and collision deductible. (Deductible has been increased over the years to reflect Hertz' attempt to estimate typical expenses for typical new-car-buying families with one or two youthful drivers, so comparisons from year to year are not precisely the same. Estimates assume full insurance is retained for duration of car loan; then, if car is kept longer, comprehensive-collision is dropped, only liability is retained.

4. Interest. For Ownership Periods up to five years, car loans are assumed to be for a period equal to ownership term -- e.g. 3-year loan for 3-year ownership, 5-year loan for 5-year ownership. For longer use, 5-year loan is maximum. (In past years, before 5-year loans were available, 4-years was maximum.) Loans are assumed to be two-thirds of purchase price; cash down payment one-third. Interest-lost on down payment assumed only for loan duration. Interest assumes monthly loan repayments, quarterly compounding on interest lost, as follows: Year 1, 13.85 paid, 8.9% lost; Year 2, 13.90%, 8.95%; Year 3, 113.95, 9; Year 4, 14.10, 9.1; Year 5, 14.15%, 9.2%.

5. Fuel-Efficiency & Maintenance cost estimates are based on Hertz experience, not on government, manufacturer or industry-group data. Estimates do not equal Hertz costs, since the study estimates are intended to reflect expenses incurred by individual drivers as a basis for calculating their own outlays for personal driving. The Hertz estimates also assume full, complete, proper, professional maintenance, which some motorists may not perform at intervals specified, rather than do-it-yourself repairs. Nevertheless, slight fuel-efficiency reduction is assumed in calculating gasoline charges in later years.

6. Tolls & Garaging are excluded from estimates since these items can fluctuate widely from place to place even within the same geographical areas, depending upon driving patterns and routes. Such charges, however, are almost never "nothing." If a car is parked in the owner's garage, for example, technically a pro-rata expense based on the size of the garage, should be applied. Without a car, a agarage wouldn't be needed. Tolls can also make a substantial cost difference for commuters: two next-door neighbors driving equal distances to work in similar cars might have a 2-5c-a-mile difference. Major-city mid-town parking likewise might add 5-25c-a-mile.

7.Cars Selected. Calculations are for typical cars, typically-equipped driven typical yearly mileages and kept typical periods. Major options ordered by most buyers are included in most models, including automatic transmission, power steering and brakes, tinted glass and air conditioning. As noted below, typical mileages and use periods are assumed, but other mileages and periods are also listed. This is done to illustrate the substantial cents-per-mile and dollars-per-year cost variations different annual mileages and different use periods can produce.

8.Cents-Per-Mile Vs. Dollar-Per-Year Costs.Many drivers prefer cent-per-mile estimates for tax or employer/reimbursement reasons, but dollars-per-year figures are the key numbers. Tables illustrate that high yearly mileage produces substantially lower cent-per-mile expenses because so-called fixed or standing charges such as insurance, taxes, licenses and interest are spread over a greater number of miles each year. STUDIES EXPRESSING COSTS IN TERMS OF HIGH ANNUAL MILEAGE ON A CENT-PER-MILE BASIS, THEREFORE, MAY BE MISLEADING.

Example: A compact model driven 10,000 miles a year costs 43.28c a mile (over the now most-typical 5-year use period), or $4328 a year. At 15,000 annual miles, per mile over 5 years, costs drop to 33.19c but amount to $4979 a year. At 20,000 miles a year, per-mile charges fall to 28.35c but annual dollar costs soar to $5670. Conversely, at just 5,000 miles a year, PER-MILE outlays were 73.91c, but only $3695 annually. The estimated national mileage average in 1982 was 8037 per-car per-year and the 5-year compact model expenditures at THAT travel rate are 50.70c a mile, but just $4074 a year.

9.Constant Annual Mileage. While some studies indicate (owing to statistical aberrations) that the mileage of cars bought new is higher in earlier years of ownership, lower later, reporting such costs on a cents-per-mile and on a declining annual mileage basis can be SERIOUSLY MISLEADING. Such presentations mask the fact that longer car ownership normally reduces both cents-per-mile and dollars-per-year costs. This is because depreciation for most domestic cars purchased new is higher in the car's first years, less as it ages. Keeping a car after any loan is repaid results in lower average interest, too; also, collision and comprehensive insurance may be dropped after loan repayments end. (For similar reasons, cars bought used traditionally cost less to own and run than new ones.)

Example:The study table for compact models shows that at a constant national average of 8037 miles a year average costs drop from 59.11c a mile or $4751 a year for cars traded annually to 38.07c (or $3060 a year) if the car is kept 10 years. However, if mileage declines each year (as at least one government report states), the cents-per-mile outlays are "flattened". They start at 43.20c for 12,225 miles assumed to have been run the FIRST year, climb to 44.34c for 7,877 miles assumed travelled the FIFTH year and are 35.39c for 4,284 miles run the 10TH.

10. Average and Annual Outlays. Selected costs are listed for each year as well as the average costs for the numbers of years a car may be kept. The annual costs, especially,. show the substantial decline after the loan is repaid and some insurance is dropped; the figures shows that even though fuel and maintenance expenditures climb in later years after long mileage, these "running" charges almost never rise as fast as the fixed or "standing" charges drop. Thus, TOTAL average outlays almost always decline as the car ages.

The Hertz Corp. 12/83 # # # # #